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FOREIGN SERVICE DESPATCH

FROM : American Embassy, Tripoli

134
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 6, 1956
DATE

REF :

For Dept. Use Only	ACTION	DEPT.
	NEA-4 *	INFO: REC'D 2 RM/R-2 OCI-6 E-4 ICA-10 L-2 S/MSA-1
	REC'D 10/15	OTHER: CIA-1 2, R.3 OSD 4 ARMY-4 NAVY-3 AIR-3

1956 OCT 17 PM 2 46
RECORDS CENTER

SUBJECT: Deposit and Transfer of LARC Funds

RM/R Central Files

*This Document Must Be Returned to

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HBS

JOINT EMBASSY/USOM MESSAGE

The Embassy/USOM transmit as Enclosures Nos. 1 and 2 the originals of (1) a letter from Khalil GALLAL, Acting Prime Minister of the Government of the United Kingdom of Libya, requesting that the $4,000,000 now available to the Libyan Government under the terms of the U. S.-Libyan Economic Aid Agreement of September 9, 1954, be deposited in the account held by the Secretary of the United States Treasury for the Libyan-American Reconstruction Commission (LARC), and (2) a letter from A. R. SHAGLOUF, Chairman of LARC, requesting that the same $4,000,000 be transferred from the LARC Treasury account to an account held by the National Bank of Libya for LARC in the First National City Bank of New York.

LARC funds have previously been deposited in the Guaranty Trust Company, but the National Bank of Libya has also an account in the First National City Bank and presumably wishes to keep it active.

Authenticated signatures for A. R. Shaglouf are on file in the Treasury Department. The Embassy is attaching to Gallal's letter an authentication of his signature. It will be noted that the letter from Shaglouf is dated prior to that from Gallal, although logically the Gallal letter should have preceded the one from Shaglouf. In view of the difficulties encountered in obtaining action from Libyan Government officials and in view of the fact that the funds referred to are specified with sufficient exactitude in both letters so that there should be no possibility of confusion, the Embassy has not attempted to rectify the apparent discrepancy.

Copies of the letters in reproducible form are transmitted as Enclosures Nos. 3 and 4 for the Department's files.

For the Ambassador:

Rodger P. Davies
Counselor of Embassy

cc: Benghazi
USOM

Enclosures:
1. Letter from Khalil Gallal
2. Letter from A. R. Shaglouf
3. and 4. Copies of the above.

Enclosures one & two to Mitchell for Treasury for action. Fin

DEPARTMENT OF STATE A/CMC/HR
FKL:dy/lva
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ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

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LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

Post Office Box 687, Tripoli, Libya

24 September 1956

His Excellency
John L. Tappin
Ambassador of the United States
of America in Libya
T R I P O L I

Your Excellency,

This is to request that Four Million Dollars ($4,000,000) now held in cash by the Treasury Department of the United States of America, in the account of the Libyan-American Reconstruction Commission be transferred to a U. S. Dollar Account held for the Libyan-American Reconstruction Commission in the First National City Bank of New York. This is the Four Million Dollars ($4,000,000) made available for Economic Assistance in Libya from Special Purpose Funds for the United States of America Fiscal Year ending June 30, 1957, in accordance with the agreement between our two governments signed on the 9th September 1954.

It is requested that the check in the amount of Four Million Dollars be made payable to "The National Bank of Libya for account of L.A.R.C." The check should be sent directly to:-

"The First National City Bank of New York
55 Wall Street
New York 15,
NEW YORK"

It will be appreciated if you will kindly transmit this request to the Treasury Department of the United States for early action.

I am, Your Excellency,

Yours very truly,
/S/ A. Shagluf

A. R. SHAGLOUF
CHAIRMAN
LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

COPY

UNITED KINGDOM OF LIBYA
OFFICE OF THEPRIME MINISTER

FF / 62. 1st October, 1956

The Honourable John L. Tappin,
Ambassador of the United States of America in Libya,
Via Giazioli,
Tripoli.

Excellency,

I have the honour to refer to the provisions of the Agreement concluded between the Government of the United Kingdom of Libya and the Government of the United States of America on the 9th September, 1954. In accordance with this Agreement, I understand that the Treasury Department of the United States of America is holding, pending instructions for disposition, a cheque in the amount of Four Million Dollars ($4,000,000), being economic assistance in this amount made available from special purpose funds for the United States of America fiscal year 1957.

I would be grateful if Your Excellency will arrange to have this Four Million Dollars ($4,000,000) transferred to the account of the Libyan - American Reconstruction Commission in the Treasury of the United States of America. Funds will be transferred from that account by request of the Chairman of the Libyan - American Reconstruction Commission.

I take this opportunity to renew to Your Excellency the assurances of my highest consideration.

/S/ Kh. El Gallal

(KHALIL GALLAL)
Acting Prime Minister

cc: Auditor General, Govt. of U.K. of Libya, Tripoli.
Permanent Under Secretary, Ministry of Finance,
Govt. of U. K. of Libya, Tripoli.
Executive Director, Libyan - American Reconstruction Commission, Tripoli.